

2021: A year of transition for Atos

Adjustment of Annual Objectives

Confirmation of Mid-term Targets

Paris, July 12, 2021 - Referring to EU regulation No. 596/2014, which provides that issuers shall inform the public as soon as possible of inside information directly relevant to them, Atos announces the adjustment of its 2021 annual objectives. The first semester figures are not finalized nor audited, the detailed first semester accounts will be published as planned on July 28, 2021.

During the second quarter, revenue growth at constant currency came back to stability. However, organic growth remained negative at c. -1.5% due to an accelerated decline of legacy infrastructure business in a context of a much stronger demand for post-COVID cloud migration. The Group anticipates that this business shift will persist during the second semester. The other Group businesses benefitted from the economic recovery driving a booming digital demand. **In this context, the Group adjusts its objective of revenue growth at constant currency for the full year to stable.**

Although for this year the Group had anticipated a higher seasonality between the first and second semester, operating margin was lower than expected in the first semester at c. 5.5%. Considering the revenue adjustment over the full year, impacting legacy activities with a low short term cost flexibility, **the Group adjusts its operating margin objective to c. 6.0% for the full year.** As a consequence of this unprecedented impact on the business, several exceptional items (write-off of assets, loss provisions) have been booked under "Other Operating Income and Expenses". This line amounted to a total of c. €-160 million in the first semester.

During the first semester, free cash flow amounted to c. €-364 million compared to €-172 million during 2020 first semester. Free cash flow was mainly impacted by working capital and in particular by a reduction in cash in advance from customers. Moving forward, the Group decides to reduce cash in advance from customers. **The adjusted objective for 2021 is a positive free cash flow**, to reflect the impacts from the operating margin objective reduction, and working capital, more specifically on client advance payments. The new objective also assumes the entire one-off € 180 million cash outflow in 2021 for the German turnaround plan (see below).

Transformation agenda and mid-term targets

In this context, the Group has decided to accelerate its transformation -both organically and inorganically- by expanding its achievements in, and focusing on, Digital, Cloud, Security, and Decarbonization.

In particular, the strategic portfolio review of non-core assets is being finalized and the Group will communicate on its conclusions on July 28, 2021, so as to move to execution swiftly.

Negotiations with social partners regarding the necessary turnaround of the German infrastructure business have concluded to a restructuring plan of c. 1,300 people, providing an additional 1% operating margin at Group level mid-term. The plan will be detailed on July 28, 2021.

After a year of transition in 2021, the Group expects to improve on all its KPIs in 2022 and maintains its mid term targets of revenue growth at constant currency from +5% to +7%, operating margin rate from 11% to 12% and free cash flow conversion above 60%.

North America Audit Follow up

Regarding the audit of the US legal entities, the Group decided in April this year to perform a full accounting review of those entities as of December 31, 2020, supported by external advisors.

This work is being finalized and at this stage misstatements identified are not material. The auditors' work is also ongoing as part of their half year review.

The completion of this process is targeted to be achieved at the time of H1 release on July 28, 2021.

Besides, the remediation and prevention plan has been finalized and is being rolled out.

Appendix

	Adjusted Objectives (July 12, 2021)	Initial Objectives (February 18, 2021)
Revenue growth at constant currency	Stable	+3.5% to +4.0%
% Operating Margin to revenue	c. 6.0%	9.4% to 9.8%
Free Cash Flow	Positive	€550 to €600 million

Conference call

The Management of Atos invites you to an international conference call, on **Monday, July 12, 2021 at 08:00 am** (CET – Paris).

You can join the **webcast** of the conference:

- via the following link: <https://edge.media-server.com/mmc/p/cvgjqzz9>
- by telephone with the dial-in, 10 minutes prior the starting time. Please note that if you want to join the webcast by telephone, **you must register in advance of the conference** using the following link: <http://emea.directeventreg.com/registration/9249267>
Upon registration, you will be provided with Participant Dial In Numbers, a Direct Event Passcode and a unique Registrant ID. During the 10 minutes prior to the beginning of the call, you will need to use the conference access information provided in the email received upon registration.

After the conference, a replay of the webcast will be available on atos.net, in the Investors section.

The press release will be issued on **Monday, July 12, 2021 at 07:30 am** (CET – Paris).

Forthcoming events

July 28, 2021	First semester 2021 results
October 21, 2021	Third quarter 2021 revenue

Contacts

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About Atos

Atos is a global leader in digital transformation with 105,000 employees and annual revenue of over € 11 billion. European number one in cybersecurity, cloud and high performance computing, the Group provides tailored end-to-end solutions for all industries in 71 countries. A pioneer in decarbonization services and products, Atos is committed to a secure and decarbonized digital for its clients. Atos operates under the brands Atos and Atos|Syntel. Atos is a SE (Societas Europaea), listed on the CAC40 Paris stock index.

The purpose of Atos is to help design the future of the information space. Its expertise and services support the development of knowledge, education and research in a multicultural approach and contribute to the development of scientific and technological excellence. Across the world, the Group enables its customers and employees, and members of societies at large to live, work and develop sustainably, in a safe and secure information space.

Disclaimers

This document contains forward-looking statements that involve risks and uncertainties, including references, concerning the Group's expected growth and profitability in the future which may significantly impact the expected performance indicated in the forward-looking statements. These risks and uncertainties are linked to factors out of the control of the Company and not precisely estimated, such as market conditions or competitors behaviors. Any forward-looking statements made in this document are statements about Atos' beliefs and expectations and should be evaluated as such. Forward-looking statements include statements that may relate to Atos' plans, objectives, strategies, goals, future events, future revenues or synergies, or performance, and other information that is not historical information. Actual events or results may differ from those described in this document due to a number of risks and uncertainties that are described in the 2020 Universal Registration Document filed with the Autorité des Marchés Financiers (AMF) on April 7, 2021 under the registration number D.21-0269. Atos does not undertake, and specifically disclaims, any obligation or responsibility to update or amend any of the information above except as otherwise required by law. This document does not contain or constitute an offer of Atos' shares for sale or an invitation or inducement to invest in Atos' shares in France, the United States of America or any other jurisdiction.

Atos consolidated and statutory financial statements for the year ended December 31, 2020, were approved by the Board of Directors on February 17, 2021. Following their audit procedures on the consolidated financial statements for the year ended December 31, 2020, the statutory auditors issued on April 1, 2021 a qualified opinion due to a limitation on the scope of the audit as two US legal entities representing 11% of 2020 consolidated revenue that require additional diligences. For the sake of clarity, except for the qualification included in the statutory auditors' report on the consolidated financial statements for the year ended December 31, 2020, the Group consolidated financial statements are audited and the financial statements included in the Universal Registration Document are unchanged compared to the version published by the Company on February 18, 2021. As of today, the Group has not identified misstatements on the two US entities that are material for the consolidated financial statements.

Revenue organic growth is presented at constant scope and exchange rates.

Industries include **Manufacturing** (Aerospace, Automotive, Chemicals, Consumer Packaged Goods (Food & Beverage), Discrete Manufacturing, Process Industries, Services and Siemens), **Financial Services & Insurance** (Insurance, Banking & Financial Services, and Business Transformation Services), **Public Sector & Defense** (Defense, Education, Extraterritorial Organizations, Public Administration, Public Community Services and Major Events), **Telecom, Media & Technology** (High Tech & Engineering, Media, and Telecom), **Resources & Services** (Energy, Retail, Transportation & Hospitality, and Utilities) and **Healthcare & Life Sciences** (Healthcare and Pharmaceutical).

Regional Business Units include **North America** (USA, Canada, Guatemala and Mexico), **Northern Europe** (United Kingdom & Ireland, Belgium, Denmark, Estonia, Belarus, Finland, Lithuania, Luxembourg, The Netherlands, Poland, Russia, and Sweden), **Central Europe** (Germany, Austria, Bulgaria, Bosnia, Croatia, Czech Republic, Greece, Hungary, Romania, Serbia, Slovenia, Slovakia, Israel, and Switzerland), **Southern Europe** (France, Andorra, Spain, Portugal, and Italy) and **Growing Markets** including Asia-Pacific (Australia, China, Hong Kong, India, Japan, Malaysia, New Zealand, Philippines, Singapore, Taiwan, and Thailand), South America (Argentina, Brazil, Chile, Colombia, Uruguay, and Peru), Middle East & Africa (Algeria, Benin, Burkina Faso, Egypt, Gabon, Ivory Coast, Kenya, Kingdom of Saudi Arabia, Madagascar, Mali, Mauritius, Morocco, Qatar, Senegal, South Africa, Tunisia, Turkey and UAE), Major Events and Global Delivery Centers.